

Michigan's Personal Income Tax

House Bill 4001

*Presented by Treasurer Nick Khouri
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Cutting Michigan's Taxes

***Tax law changes have reduced Michigan state and local taxes by
\$2.8 billion in total since 2011***

<i>Tax Change</i>	<i>Estimated Fiscal Impact (dollars in millions)</i>	
	<i>FY 2017</i>	<i>FY 11- FY17</i>
Income Tax/Business Tax Reform	(\$198)	(\$1,404)
Personal Property Tax Reform	(\$336)	(\$541)
Sales Tax on the Difference	(\$47)	(\$142)
Income Tax: Increased Personal Exemption	(\$30)	(\$182)
Gas Tax and Registration Fee Increases	\$478	\$478
Other	<u>(\$242)</u>	<u>(\$998)</u>
TOTAL	(\$375)	(\$2,789)

Michigan's tax burden has declined relative to other states

Tax Category	All 50 States		5 Great Lakes States
	2010	2014	2014
U.S. Census Bureau ¹⁾	MI is lowest		
Total State & Local Taxes	32	14	1
Personal Income Tax	16	18	1
Sales Tax	25	23	3
Property Tax	39	32	3
Corporate Income/MBT	44	6	2

Significant reductions in Michigan's Personal Income Tax already in place

(Enacted income tax reductions; dollars in millions)

Fiscal Year	Homestead Property Tax Credit	Rate Reduction Trigger	Total Personal Income Tax Cut
2018	\$0.0	\$0.0	\$0.0
2019	-\$205.8	\$0.0	-\$205.8
2020	-\$205.8	\$0.0	-\$205.8
2021	-\$205.8	\$0.0	-\$205.8
2022	-\$210.1	\$0.0	-\$210.1
2023	-\$223.8	-\$86.4	-\$310.2
2024	-\$228.3	-\$224.4	-\$452.7
2025	-\$232.9	-\$351.7	-\$584.6
2026	-\$247.0	-\$481.0	-\$428.0
2027	-\$252.0	-\$621.4	-\$873.4
2028	-\$257.0	-\$770.7	-\$1,027.7
TOTAL	-\$2,268.5	-\$2,535.6	-\$4,804.1

¹⁾ U.S. Census Bureau, Government Finances: Based on State and Local Taxes as a percentage of personal income. 2014 is latest available data.
Prepared by: Office of Revenue and Tax Analysis, Michigan Department of Treasury